

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

SAM-01 /078 W

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R 091719Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9008

INFO USMISSION NATO BRUSSELS

ALL EC CAPITALS 732

AMEMBASSY LISBON

LIMITED OFFICIAL USE EC BRUSSELS 5137

E.O. 11652: NA

TAGS: EEC PO

SUBJECT: C PRESIDENT FITZGERALD'S VISIT TO LISBON: THE VIEW  
FROM BRUSSELS

REF: A. EC BRUSSELS 4804

B. DUBLIN 995

C. LISBON 3184

D. EC BRUSSELS 2538

E. EC BRUSSELS 4474

### 1. SUMMARY:

PERMREP AND EC COMMISSION SOURCES CONSIDER THAT THE EC/  
PORTUGUESE SITUATION IS STILL UNCLEAR. NO DECISION HAS  
BEEN MADE ON A POSSIBLE MINISTERIAL MEETING OR FINANCIAL  
ASSISTANCE TO PORTUGAL. LATE IN THE AFTERNOON OF JUNE 5  
THE PORTUGUESE DID PRESENT THE COMMISSION WITH A NEW  
PAPER WHICH WILL BE LOOKED AT BY THE EC COMMISSIONERS ON  
JUNE 11, BUT WE ARE INFORMED THE NEW PAPER CONFUSES,  
RATHER THAN CLARIFIES, THE ISSUES. END SUMMARY.

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2. WE HAVE DISCUSSED IRISH FOREIGN MINISTER AND EC PRESIDENT FITZGERALD'S LISBON VISIT WITH PERMREP AND COMMISSION SOURCES WHICH ADD THE FOLLOWING COMMENTS TO THE REPORTS IN REFTELS B AND C.

3. EC COMMISSION AND PERMREP SOURCES WE TALKED TO CONFIRMED POINT (REFTEL B) THAT FITZGERALD HAD NO MANDATE TO COMMIT THE EC MINISTERS TO A MEETING WITH THE PORTUGUESE. THE PORTUGUESE ISSUE IS ON THE TENTATIVE AGENDA OF THE EC FOREIGN MINISTERS MEETING JUNE 24 BUT IT IS NOT YET CLEAR WHETHER THEY WILL TAKE A DECISION AT THAT TIME EITHER ON MEASURES TO ASSIST THE PORTUGUESE OR ON AN EC/PORTUGUESE MEETING AT THE MINISTERIAL LEVEL. ACCORDING TO ONE SOURCE, FITZGERALD HAD INDICATED THAT HE HOPED THE EC/PORTUGUESE MINISTERIAL MEETING COULD EITHER JUST PRECEDE OR JUST FOLLOW THE "EUROPEAN COUNCIL" MEETING ON JULY 16-17 BUT OUR SOURCE THINKS THAT THE MOST OPTIMISTIC SCENARIO POSSIBLE WOULD PUT THE MEETING NEAR THE END OF JULY. PRESUMABLY THE PORTUGUESE ARE INTERESTED IN A MINISTERIAL MEETING FOR POLITICAL AS WELL AS ECONOMIC ASSISTANCE REASONS.

4. WE ARE TOLD THAT AS THE PORTUGUESE CONTINUED TO PRESS IN LISBON FOR A MINISTERIAL MEETING, FITZGERALD CONSULTED WITH EC COMMISSION PRESIDENT ORTOLI IN BRUSSELS. AT ORTOLI'S SUGGESTION, FITZGERALD TOLD THE PORTUGUESE THERE WOULD BE A BETTER CHANCE FOR THE COUNCIL TO BE IN A POSITION TO AGREE TO AN EARLY MINISTERIAL MEETING IF THE PORTUGUESE SIDE COULD MAKE THEIR SUBSTANTIVE REQUESTS FOR MORE SPECIFIC. FITZGERALD NOTED, HOWEVER, THAT FOR A FORMAL PORTUGUESE REQUEST TO GET TO THE FOREIGN MINISTERS ON THE 24TH IT WOULD HAVE TO BE IN THE HANDS OF THE EC COMMISSION STAFF BY JUNE 5 SO IT COULD BE CONSIDERED BY THE COMMISSIONERS AT THEIR MEETING ON JUNE 11 AND BY THE PERMREPS ON THE 19TH. LATE IN THE AFTERNOON OF THE 5TH THE PORTUGUESE AMBASSADOR SHOWED UP AT THE COMMISSION WITH A NEW PAPER. IT IS REPORTED TO BE UNHELPFUL, ESSENTIALLY A REHASH OF THE PREVIOUS NON-SPECIFIC REQUESTS, ALTHOUGH CAST IN SOME NEW LANGUAGE. IT WILL BE TO THE COMMISSIONERS AS LIMITED OFFICIAL USE

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AN ANNEX TO THE PAPER PREPARED BY THE COMMISSION STAFF AND, WE ARE TOLD, IS MORE APT TO HINDER RATHER THAN HELP.

5. ONE ASPECT OF THE EARLIER PORTUGUESE REQUEST THAT WAS SOMEWHAT MODIFIED BY THE PRESENTATION TO FITZGERALD IN LISBON AND IN THE NEW PORTUGUESE PAPERS WAS THE PORTUGUESE REQUEST FOR FINANCIAL ASSISTANCE FROM THE EUROPEAN INVESTMENT BANK (EIB). THE IDEA FOR SUCH

ASSISTANCE HAS BEEN ON THE TABLE FOR SOME TIME (REFS D AND E) BUT THE PORTUGUESE HAVE ADDED SOME NEW WRINKLES: THAT THE COMMUNITY BUREAUCRACY BE BYPASSED (REFTEL C) AND THAT THE FUNDS BEGIN TO FLOW BY THE END OF JULY. (A PERMREP OFFICIAL TERMED THIS A "PIPEDREAM.")THE PORTUGUESE, IN THEIR JUNE 5 COMMUNICATION, BEGAN USING THE TERM "INDUSTRIAL DEVELOPMENT FUND." A COMMISSION OFFICIAL ASSURES US THAT THE NWPHRASE CHANGES NOTHING AS FAR AS THE EIB IS CONCERNED. IF EIB FUNDS ARE INVOLVED, A FINANCIAL PRPTOCOL TO THE PROPOSED EC/PORTUGAL ACCORD WILL BE NEEDED. TH EIB DOS NOT GUARANTEE PROJECTS; ITS FINANCING IS FOR DEVELOPMENT PROJECTSWHICH ARE APPROVED BY THE BANK'S BOARD. THESE FUNDS ARE OBTAINED PRIMARILY BY BORROWING ON THE INTERNATIONAL CAPITAL MARKETS AND THSE BORROWINGS ARE GUARANTED BY THE COMMUNITY.

6. A PERMREP SOURCE INDICATED THAT HE THOUGHT IT WAS ANYTHING LIKE THE PACE THE PROTUGUESE ARE PUSHING FOR BECAUSE EVEN THOUGH THERE IS MUCH GOOD WILL FOR THE PORTUGUESE AMONG THE MINISTERS, MANY OF THEM WILL HAVE TO GO VERY CAREFULLY. GREENWALD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, POLICIES, RELATIONS WITH REGIONAL ORGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ECBRU05137  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750201-0405  
**From:** EC BRUSSELS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750666/aaaachtd.tel  
**Line Count:** 138  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 EC BRUSSELS 4804  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 14 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <14 APR 2003 by ElyME>; APPROVED <14 OCT 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** C PRESIDENT FITZGERALD'S VISIT TO LISBON: THE VIEW FROM BRUSSELS  
**TAGS:** EAID, PO, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006